

YOUR *Taxes* AND YOUR *Contributions*

CONTRIBUTIONS TO CHARITY

Great savings can be effected through charitable contributions. Such contributions are encouraged by our government as vital in the war effort.

CONTRIBUTIONS BY CORPORATIONS

(See page 2)

Corporations may deduct gifts to organized charities, such as National War Fund, Community War Funds or Community Chests, up to 5% of their net taxable incomes with consequent *tax savings* up to 85½% of the amount contributed.

CONTRIBUTIONS BY INDIVIDUALS

(See page 4)

Individuals may deduct gifts to organized charities up to 15% of their adjusted gross income with substantial *tax savings* up to 94% of the amount contributed.

Material for this booklet prepared for National War Fund, Inc., and Community Chests and Councils, Inc., by Wellington Corporation, Philadelphia, Pa., Investment Counsel for Wellington Fund, and is based on the tax laws as of the date of publication, June, 1945.







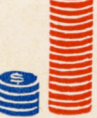





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AND COMMUNITY CHESTS AND COUNCILS, INC.

GIFTS BY

The following series of charts illustrate the tax savings and the net percentage cost per gift by individuals in different income groups. The table on the opposite page shows the tax savings and the net cost of a 15% gift in the different income brackets. Tax savings to individuals with incomes under \$5,000 range from 23% to 29% (see notes 1 and 2, page 7).

| | | | |
|--|--|---|--|
| TAXABLE INCOME \$10,000 | YOU PAY 63% |  | TAX SAVINGS 37% |
| TAXABLE INCOME \$20,000 | YOU PAY 45% |  | TAX SAVINGS 55% |
| TAXABLE INCOME \$30,000 | YOU PAY 35 $\frac{1}{3}$ % |  | TAX SAVINGS 64 $\frac{2}{3}$ % |
| TAXABLE INCOME \$40,000 | YOU PAY 30 $\frac{2}{3}$ % |  | TAX SAVINGS 69 $\frac{1}{3}$ % |
| TAXABLE INCOME \$50,000 | YOU PAY 25 $\frac{3}{5}$ % |  | TAX SAVINGS 74 $\frac{2}{5}$ % |
| TAXABLE INCOME \$60,000 | YOU PAY 22% |  | TAX SAVINGS 78% |
| TAXABLE INCOME \$80,000 | YOU PAY 16 $\frac{1}{2}$ % |  | TAX SAVINGS 83 $\frac{1}{2}$ % |
| TAXABLE INCOME \$100,000 | YOU PAY 11% |  | TAX SAVINGS 89% |
| TAXABLE INCOME \$150,000 | YOU PAY 8% |  | TAX SAVINGS 92% |
| TAXABLE INCOME \$250,000 | YOU PAY 6% |  | SAVINGS TAX 94% |

INDIVIDUALS

The following table shows not only the net cost of gifts in certain income brackets, but also shows the very substantial tax savings made possible by your contributions to National War Fund, Community War Funds, or Community Chests during the year 1945.

| TAXABLE INCOME GROUPS | AMOUNT OF GIFT (15% DEDUCTIBLE LIMIT)* | NET COST TO INDIVIDUAL | TAX SAVINGS** |
|--------------------------|--|---------------------------|------------------|
| \$5,000 | \$ 750 | \$ 532.50 | \$ 217.50 |
| 7,500 | 1,125 | 753.75 | 371.25 |
| 10,000 | 1,500 | 945.00 | 555.00 |
| 15,000 | 2,250 | 1,175.00 | 1,075.00 |
| 20,000 | 3,000 | 1,350.00 | 1,650.00 |
| 30,000 | 4,500 | 1,590.00 | 2,910.00 |
| 40,000 | 6,000 | 1,840.00 | 4,160.00 |
| 50,000 | 7,500 | 1,920.00 | 5,580.00 |
| 60,000 | 9,000 | 1,980.00 | 7,020.00 |
| 80,000 | 12,000 | 1,980.00 | 10,020.00 |
| 100,000 | 15,000 | 1,650.00 | 13,350.00 |
| 150,000 | 22,500 | 1,800.00 | 20,700.00 |
| 250,000 | 37,500 | 2,250.00 | 35,250.00 |

*See page 7 — Note 1.

**See page 7 — Note 2.

ADDITIONAL TAX SAVINGS BY GIFTS OF SECURITIES



Individuals who own securities in which unrealized profits exist can make even greater tax savings by donating these securities instead of cash to National War Fund, Community War Funds or Community Chests. If the securities are donated there is no tax to the individual on the unrealized profits, whereas if the securities were sold and the profits realized they would be taxed at a net rate of 25% if the securities had been held for more than six months, or at higher rates if held for less than six months. The following example shows how additional tax savings can be made by individuals:

EXAMPLE:

| | | |
|---|-----------------|---------------|
| Individual's Taxable Income .. | <u>\$70,000</u> | |
| Gifts to be made | | \$10,000 |
| Securities now worth | \$10,000 | |
| Original cost | <u>6,000</u> | |
| Unrealized profit | <u>\$ 4,000</u> | |
| 25% tax saved on \$4,000 profit | *\$ 1,000 | |
| Tax savings through deductions for gift (at 81 % of gift for income shown) | <u>8,100</u> | |
| Total tax savings through donation of securities instead of cash | | <u>9,100</u> |
| Net cost to individual of \$10,000 gift | | \$ 900 |

*The greater the profit the greater the tax saving.

IMPORTANT:

If an individual desires to make a gift of securities, he should not sign a pledge card for a definite dollar amount but should merely show the number of shares and securities that he is donating. *Stock certificates may be split to approximate the gift you wish to make.*

NOTES

NOTE 1

Under the 1944 Individual Income Tax Act a taxpayer is entitled to an optional allowance for deductible personal expenses up to 10% of his adjusted gross income, subject to a limitation of \$500. Contributions to organized charities, however, are deductible up to 15% of adjusted gross income. If, therefore, the deductible personal expenses, including charitable contributions, are in excess of \$500 or in the case of incomes under \$5,000, in excess of 10% of adjusted gross income, he should disregard the optional deduction allowance and claim credit for the full amount of the deductible personal expenses.

NOTE 2

The tax savings referred to in this booklet are based on savings in federal taxes only. Corporations and individuals whose incomes are also subject to state or local income taxes will, of course, find their tax savings correspondingly increased.

NOTE 3

Section 23 (q) of the Internal Revenue Code provides only for deductions of contributions "*payment of which is made within the taxable year.*" The provisions of the law itself (such as that quoted above) are amplified by the Commissioner of Internal Revenue under the authority of the statute. Section 19.23 (q) of Regulation 103, dealing with income taxes, provides in connection with charitable deductions that such deductions *shall be allowed "only for the taxable year in which such contributions or gifts are actually paid, regardless of when pledged and regardless of the method of the accounting employed by the corporation in keeping its books and records."*